SPEECH

OF

HON. J. A. GURLEY, OF OHIO,

IN THE HOUSE OF REPRESENTATIVES, JANUARY 15TH, 1863.

The House being in Committee of the Whole (Mr. CAMPBELL, of Pennsylvania, in the chair) on the bill to provide ways and means to support the Government—

Mr. GURLEY said:

Mr. CHAIRMAN, it must be very evident to the members of this House that there is no subject that will come before them, at the present session, of more importance than that of finance; the consideration of the means and method of raising money, and the amount needed to carry on our great war. Other things being equal, the Government or nation engaged in warfare, that can raise the largest amount of money, must, in the end, triumph; and a smaller number of people are very likely to prevail against a larger if they can command the requisite means to secure provisions, clothes, and arms for their soldiers in the field. In other words, a Government prepared for war by gathering a large army, and having a good cause, the most essential thing to carry it on is that article which we call money.

But what is money with us? The question has been variously answered; but there is a pretty general understanding at this late day that, strictly speaking, nothing is money except gold and silver. These constitute the standard of value, established, indeed, by nature, and recognized by the laws of man. We are accustomed, however, to call paper, that is good for coin on demand, money, because it is easily exchanged for it; but if history and experience teach anything that is clear and decisive on this subject, it is that paper, stamped and issued as money, in large or small amounts, is valued at last by the coin it commands in the market. It may be based upon the public credit; but even that credit is in nowise independent of that law of the Creator and man to which we have alluded; for to gold and silver there is a limit. You can take so much from the earth in a given time, and no more; but bank notes you can multiply till they become as numerous as the leaves of the forest. There are very many considerations, many of them referred to by the gentleman from Massachusetts [Mr. WALKER] to-day, and facts that go to identify gold and silver, and distinguish them from everything else as the proper and only material for a standard of value; but we need not allude to them now.

What then? Shall we attempt to carry on this mighty war by the use of gold and silver alone, or by notes, even, to be paid in coin on presentation? That is simply impossible. Sir, there is not gold and silver enough in all the banks of the loyal States, in all the pockets of all the loyal people, what they have hidden away included, to meet the expenses of the Government four months. Indeed, we should have to borrow it five or six times over in eighteen months to pay our liabilities should the war continue; and not only so: if all the currency of the loyal States was to-day paid into the public Treasury, together with all specie and the "wild cat" bills, East and West, aggregate the whole, and it would not meet the demands of the war, according to actual estimates and figures, up to July, 1864. Without, however, entering into extended arguments on this subject, it is sufficient to say that few, if any, of the modern nations have succeeded in waging a war of several years' duration, and on a large scale, approximating in a moderate degree to ours, by the use of gold and silver alone. We all know that both England and France have, in times of war, extended their paper currency to the utmost limit of any value. Strong as was the Bank of England, it paid no specie from 1797 till 1821; and its notes were sold as late as 1814 at twenty-five per cent. discount. Our fathers were forced to follow the example of other na-

tions, print paper in abundance and call it money, until at last it became nearly valueless.

In view of these facts, it is idle to presume that our Government can form an exception to nearly all others under like circumstances; that we can prosecute a war on a more extended as well as destructive scale than has been done for thousands of years, if ever, without the usual resort to paper currency. We must all desire to pay our debts in coin, in real money or its equivalent; for mere paper currency promises to pay is a very great evil; but it is one of those evils that are inseparable from modern warfare carried on upon a large scale. With a daily expenditure of $2,500,000, it is clear that we must have a larger volume of currency than all the banks can furnish and sustain with specie. The banks of the several large cities have not an amount sufficient to pay our floating debt; and I doubt if they have much more than would meet the honest demands of our soldiers and sailors. If, in one of the ordinary financial pressures that come every few years, they are compelled to stop specie payment, can any reasonable man expect them to furnish a sound currency on a magnitude of expenditure that reaches millions in the place of thousands? The Government now pays out more in a single day than it disbursed two years ago in a whole month.

But I need not pursue this branch of the subject, for the nation has already become reconciled to that stern necessity for a larger volume of paper than a specie basis has sustained in this or any other country; a necessity as absolute and imperative as the existence of our great struggle to save the Government and the country. It only remains for us to select that kind of paper best adapted to meet the exigencies of the public service.

I have cast about for light on this subject; and in doing so have examined, with all the care I am able to exercise, the report of the Secretary of the Treasury, with the hope of obtaining information that might settle the whole question; and while, from his peculiar position, I must regard him as the most proper person to give advice, I confess to much disappointment as the result. I have looked to him for light because I highly respect his abilities and admire his purity of character. I find that he discourages the further issue of legal tender notes, and contemplates the final withdrawal of those already out, which have proved so acceptable to the people and so convenient for the Government. He remarks, that "it will be unwise, unless conditions greatly change, to authorize the increase of United States notes beyond the limit now fixed by law." His plan of a circulating medium is a currency based upon Government stocks. We present it in his own words, from his well-written annual report:

"The central idea of the proposed measure is the establishment of one sound, uniform circulation, of equal value throughout the country, upon the foundation of national credit combined with private capital. Such a currency, it is believed, can be secured through banking associations organized under national legislation.

"It is proposed that these associations be entirely voluntary. Any persons desirous of employing real capital in sufficient amounts can, if the plan be adopted, unite together under proper articles, and, having contributed the requisite capital, can invest such part of it, not less than a fixed minimum, in United States bonds, and, having deposited these bonds with the proper officer of the United States, can receive United States notes in such denominations as may be desired, and employ them as money in discounts and exchanges. The stockholders of any existing banks can, in like manner, organize under the act, and transfer, by such degrees as may be found convenient, the capital of the old to the use of the new associations. The notes thus put into circulation will be payable, until resumption, in United States notes, and, after resumption, in specie, by the association which issues them, on demand; and if not so paid will be redeemable at the Treasury of the United States from the proceeds of the bonds pledged in security."

Such are the general features of his proposed banking associations; but let us quote a little further in explanation of the subject:

"The Secretary has already mentioned the support to public credit which may be expected from the proposed associations. The importance of this point may excuse some additional observations. The organization proposed, if sanctioned by Congress, would require within a very few years, for deposit as security for circulation, bonds of the United States, to an amount not less than $250,000,000."

He futher remarks upon this subject:

"Little direct aid is, however, to be expected from this plan during the present, nor very much, perhaps, during the next year."

This, sir, is a very remarkable statement, that little aid is to come for a year or two from a plan brought forward here to instantly relieve the financial condition of the Government, and pressed upon the attention of Congress, and insisted upon, as the one thing needful to sustain the credit of the country. Sir, we may well ask if the present unsettled period is the proper time to commence financial experiments for the benefit of coming years? If I am not greatly deceived, what the country now needs and expects is some sensible, practical plan whereby money will instantly flow into an empty Treasury, to meet the demands of a mighty Army and Navy; and not the adoption of doubtful theories that can confessedly do nothing for the nation till long after it is either *saved or lost*. Its fate rests, in a measure, upon

the means to purchase supplies this month, next month, and coming months, and to pay the soldiers their honest dues, so that their families may not want for the necessaries and comforts of life.

We pass this part of the subject for a moment to ask the following important question: What is to become of the United States notes already widely circulated, and everywhere sought with eagerness by the people? What, I say, is to become of these popular notes as these banking associations are forming, and after they are fully established? Are the two classes of notes to run in competition with each other? Shall we have two kinds of currency, each seeking for the mastery, and both the offspring of the Government? Is the Government to set up a financial rival against itself? The Secretary shall answer for himself. He says:

"As the notes received for the bonds [purchased by the banking associations] cannot be reissued without injurious inflation of the circulation, they must necessarily be withdrawn and canceled. The aggregate circulation of Government United States notes withdrawn will be replaced by the amount of national circulation furnished to the associations. The immediate advantage to the Government will be found in the market created for bonds, and the support thereby given to the national credit."

Again, on page 19, he remarks, the plan "contemplates the gradual withdrawal of bank-note circulation, and proposes a United States circulation." The important question is here answered; the present legal tender notes are to disappear as they are paid in for bonds, and to go forth no more.

We have now clearly before us the leading characteristics of the new financial measure. First, we have its general character; second, its great object, which is to sustain the national credit by the market opened for bonds; third, we are certified that little direct aid can come to the Government from the plan for one or two years; fourth, the establishment of these associations implies the withdrawal of the entire circulation of the present legal tender notes, notes that are equally good in the extreme West and East, good everywhere where our flag floats in our own country, current even among the rebels, for I notice that the Captain of the Alabama took very carefully all he could find upon the California ship which he captured.

Now, sir, the very admission that we shall derive little or no benefit from the plan for one or two years, should secure its instant rejection; for we have no precious hours or days to spend in carrying out a financial scheme at once revolutionary in character and design, and with very remote benefits, if any at all. The present is the worst possible period to experiment in that line. One revolution at a time, say we; save us from a second that undermines public confidence and credit. We must have money now, and money in large sums, money with positive certainty; but it cannot be had by any sort of kite-flying, or by a resort to any system resembling "wild-cat" banking, that has several times scourged the entire western country. The other experiment which we have on hand is quite large, much larger than we find comfortable or convenient of control; why fly to another that must end in general bankruptcy? Besides, the new theory embraces in its objects a complete revolution in the banking institutions of the country; a change from State stock and other securities, which are at present regarded with more favor than Government stocks, and the forcing in of their entire circulation, without reasonable notice. Of course all this cannot be accomplished without unsettling the very foundation of public credit, and bringing in financial chaos at a moment when we require more than ever steadiness and the utmost stability.

But, coming back to the vital point at issue, we ask, should this plan prove a success in two years, so far as the sale of the bonds is concerned, what advantage will accrue to the Government? Bonds to the amount of $250,000,000 are sold, and what then? Why, sir, we have already that amount of notes out, or authorized to be issued, based upon those very bonds, which notes are to be withdrawn when the associations get into operation. Now they are in circulation everywhere, bear a premium, are sought for by all classes, are immensely popular. Has anybody complained of them? Nobody; but every one is delighted to get them, and no person in the country, so far as my knowledge extends, has asked to have them retired except the Secretary of the Treasury. What do we gain by taking them home and sending out in place our bonds? True, we sell bonds to the amount of $250,000,000; but what do we lose by the operation? We lose just $15,000,000 a year in interest by exchanging our notes for the bonds sold to the banking associations to form the basis of their proposed circulation. Of course, we now pay no interest upon our own notes; but the moment the exchange is made for bonds sold, we are liable for $15,000,000 in yearly interest—interest on those very bonds which retire our present notes; which is a better arrangement, as the Secretary insists, than using our *own paper for nothing*, which paper is more acceptable, also, to the people than the paper of any banking association that can be established under the proposed new law. Certainly $15,000,000 a year is a very snug little sum to pay for the first lesson or experiment in the new school.

What next? The United States Government is a borrower; it goes into the market and seeks a few hundred millions immediately after the new banking associations get fairly established

They come forward and say, "We will lend you." We reply, What notes will you give us? The very same which we took from the Government. Very well. The Government takes from them to the amount of $250,000,000, (less, if you please, the principle is the same,) and very glad to get them. What do we gain and lose by this whole transaction? Why, sir, we take back the very notes which we gave them to bank upon, which notes, as we have seen, are based upon the very bonds on which our notes to-day rest for security, and give them $15,000,000 more in the form of interest, making $30,000,000 in all, as a premium, I suppose, for the new financial scheme; half this sum on the bonds sold to the associations, the other half on the notes returned to the Government as a loan. The plain English of the whole transaction is, we pay about $600,000 per week for the sublime privilege of receiving a currency from an association which we have created, when everybody prefers our own currency to that, and when it does not cost us a dollar in interest, besides being of more equal value, especially in times of a money panic. I do not believe that there are a thousand sane men in the country who would not prefer the very class of Government notes now in circulation, to the extent say of $500,000,000, to any that are recommended by the Secretary. The security is the same—Government bonds; and our notes can at any time be merged into them with a reward of six per cent. interest. What need then of the expensive circumlocution implied by banking associations? Why drive out the better notes to make room for the worse, and then pay nearly a third of $100,000,000 a year for the pleasure of the experiment? All the security worth considering, all the vitality and life of either class of notes comes from the bonds of the General Government. Up to this very hour, the greenbacks, as they are called, are preferred to any other; they are hoarded by the banks; they are laid aside for taxes and other special objects by private individuals, and are to-day at a large premium over certificates of indebtedness which draw six per cent. interest. Under the circumstances, therefore, as the subject appears to me, the Secretary's recommendation is financial suicide—it should be called a plan to increase the public burdens—it is nothing more nor less than that. Any amount that this Government can afford to permit associations to issue at the great profit which we have set forth, it can better afford to issue itself and save the interest for the benefit of the people; for, after all, the people are the Government in this country, and they are willing to rise or fall, financially, with it. Each man is a partner in carrying on this war, and is furnishing a portion of his means to do it; but it would be very strange if our people should prefer to pay, as the Secretary proposes, a heavy interest on obligations of corporations, when their own obligations are more acceptable, an interest half as large as the former expenditures of the whole Government.

But another most serious obstacle stands in the way of the proposed scheme. If adopted by Congress, the $70,000,000, more or less, of State and other bonds, now held as security for the free banks in New York and elsewhere must be thrown upon the market, and thereby absorb the very capital which the Government seeks for its own use. The present banks cannot purchase except they sell. When we drive the banks to purchase our bonds, we force them to throw their own securities upon the market; this leads to a revolution and a general unsettling of the money market, without any substantial benefits to our Treasury.

Why argue further this question? So far as any advantage is sought to be obtained by the new plan of banking, it will be found as fruitless as the ashes of Sodom. The idea of securing in this way a sound and uniform currency, of unvarying value, was long ago exploded by actual and repeated experiments. The proposed theory is nothing more nor less than a modification of the free banking system which was experimented upon so extensively in the West, and resulted most disastrously to all classes. It cost the citizens of Illinois about four million of hard-earned dollars in ninety days, and, in its downward career, swept before it to destruction nearly every large bank in the city of Chicago, and many of its mercantile houses. Governor Matteson, for several years, was king of the so-called "wild cats;" he owned stock-banks in all directions, and guided and controlled them as easily as a well-skilled boy manages a kite. He was kiting on a large scale, and did very well at the business, to all appearance, till a sudden commercial storm drove kite, tail, holder and flyer himself to the earth.

Is there any parallel between the operation of this system and what may be expected from banking on Government bonds? We shall soon see. About the time the war commenced, State bonds and stocks fell in value from ten to forty per cent., and, as a result, the whole free banking system in the North went down with a crash, burying in the rubbish bankers, tradesmen, farmers, and mechanics; and yet, in the very face of this wholesale ruin, the Secretary demands that we shall establish a system of corresponding character. But I shall at once be met with the objection that he proposes Government bonds as a basis of banking; therefore, the bills must always be good, at par value. The proposition that such bonds will not rise and fall in value, so as to lessen the value of the bills, is precisely what I deny. There is no warrant in history or observation for any such conclusion. Who can tell, in a gigantic war like ours, what Government bonds will bring twelve months hence? They may be up,

or they may be down. Why, sir, the bonds of England, France, and Austria, fluctuated and varied all the way from par down to less than fifty cents on the dollar. When Bonaparte was in Egypt, the French securities were sold for about the amount of a single year's interest. With our extraordinary and unexampled resources, we do not expect that our bonds can fall very low; but when $1,000,000,000 are in the hands of the people, and large amounts always upon the market, it would be strange indeed if they should remain at an unvarying standard of value. Hitherto they have amounted to a mere trifle compared to what we must speedily create for war purposes; and the important events that are crowding upon us must determine, to a great extent, the value of our national securites.

Admit, for the sake of the argument, the proposition of the Secretary, that $250,000,000 of our bonds are absorbed by the new banking associations; admit that they issue that amount of paper, dollar for dollar, or ninety per cent., as the bill provides; a panic comes, either from the long continuance of this or another war, or from one of those periodical panics, the result of a financial crisis which our country is always subject to, and which it is impossible to avoid, and what must be the result? As usual, a run upon the banks, their utter inability to pay upon demand, and a forfeiture of their bank privileges. Government securities, from being suddenly thrown upon the market from all quarters, must fall at least twenty per cent., perhaps forty. Those of the broken banks must be sold to pay the billholder: and by the time a dividend is declared, he will find himself minus one-third or one-half the face of his notes; and this result is as sure to come, sooner or later, as that the scheme is adopted, else the whole history of banking and traffic in stocks is a fable. If the Northwest could lose $5,000,000 on precisely the same principle, on a basis of only $13,000,000, how much must the people of this country lose when two or three hundred million in bonds are suddenly thrown upon the market in a great financial revolution?

I have thus far supposed that the people are to be the losers, as usual, when these banks fail; but, in the bill of the Secretary, the Government is made to assume all responsibility, all losses, and pay dollar for dollar for their depreciated currency. The Government, in that case, will be compelled, from the fall of its bonds, to go into the market and exchange its bonds, even if worth no more than seventy cents on the dollar for par currency, thus pocketing all intermediate loss. As no Government in the world could stand the continued drain of such a loss, and no Congress is likely to adopt any such principle, I shall not lose time in discussing it.

It is said, however, that this kind of banking is a success in New York. Not, sir, in the sense of the Secretary's recommedation--to secure as wide a circulation of notes and as large a sale of bonds as possible. The New York banks mainly depend for profits upon paid-in capital, deposits, and discounts. The best of them issue notes more for convenience than profit. Said General Spinner, to me, of that State, our admirable United States Treasurer—a gentleman, by the way, who has had thirty years' experience in banking—"*A bank that depends upon the issue of bills for success, is no bank at all.*" Banks of this sort exhaust themselves in the very purchase of bonds that give them existence, and are ready to close up at the first pressure in the money market. Indeed, it is almost impossible to keep out a full circulation in the West, unless you locate, as has been done, banks far away from any railroad, in some obscure place, where they cannot be reached, except at a large cost of money, time, and travel. As exchange is generally against us, half or one per cent., the demand for exchange upon the weak stock banks forces in their circulation, and generally makes short work of them. They come into life with little breath, and a gust of wind sufficeth to take that little away. For this and other reasons, there are few such banks in Ohio, where, if capitalists were disposed, they could locate them, as they are there recognized by a general law. One of our western editors remarks upon the new scheme with marked good sense, as follows:

"Again, we see no reason for an intermediate agency between the Government and the people in this matter of the currency. Elaborate as the plan is, we see nothing in it which adds to the security of the bill holder. The basis of the banks would be the national credit. Treasury notes are the representatives of that credit—nothing more. The notes are already issued, and more are to follow. Why then go groping around to find corporations which will swap their promises to pay for the bonds of the Government, and issue the former to the people, themselves pocketing, as pay for their kindness, the interest on the bonds and notes alike? What's the use of all this?"

Other and very serious objections lie against the system, which we shall not discuss; as, for example, the tremendous power it would place in the hands of a Secretary of the Treasury—a power that few men, if any, should possess—of the unlimited and constant sending out and withdrawal of notes, as banks failed or started into life, and the fearful liability of fraud at some period, when not millions, but hundreds of millions, must be passing and repassing from numerous hands to and from all parts of the country. Even the sale of the bills of broken banks, and the division of the proceeds among thousands of bill holders, would prove an immense and very responsible business of itself. The danger would increase with changing administrations, and the country would have more to fear from so gigantic a scheme than from ten

United States banks, such as was so loudly cried down in former years.

But this bill of the Secretary has been so changed the present session, by himself, as to assume powers that are not only dangerous, but absolutely monstrous. For example, that the head of the new bureau, who is to receive a salary of $5,000 a year, shall be appointed upon the *nomination* of the Secretary of the Treas ury. Sir, I do not believe that there is another such provision in the whole statute-book. To the President belongs the appointing power, and a provision that a Secretary shall control that power is an innovation upon the usages of the Government from the beginning. But it also provides that he shall not be removed without the consent of the Senate; another strange innovation; an attack upon an early decision of the Senate itself. Not only so, but it further provides for an unlimited number of clerks and agents, and in the last section of the bill, for an *unlimited amount of money* to carry out the bill with its vast and intricate machinery. I repeat, that so much assumption of power was never embodied in a bill on finance before. The Secretary of the Treasury is made a money king, a bank emperor, compared with which Napoleon is a dwarf.

Of course, I should feel perfectly safe if the present Secretary were to administer a law such as this contemplates; but it would give to some future Secretary, intent upon perpetuating his political power at all hazards, a money influence that no one man should ever possess in a republic like ours.

In my judgment, it would be impossible to sell bonds in these troublesome times for the object under consideration; men of means will not buy them for banking purposes in the face of a great war. The plan, if tried, will prove a signal failure. Why not, then, continue the issue of Government notes till the amount reaches $500,000,000? The wants of the country require this. At the same time we must carefully limit the circulaiton of bank notes, or the country will be flooded with them to the unsettling of all values. The Ways and Means Committee have made attempts at this in their bill, but the tax on bank notes is too small. It is absolutely necessary to largely circumscribe their circulation, and finally, in a reasonable time, tax the paper out of existence, and after, also, a snfficient amount of Government money is provided, otherwise we shall have an inflation that will prove as injurious as a small war. Now the banks are largely hoarding legal tender, and sending out their own paper three or four to one. If this continues, in the final winding up of our affairs half the business men of the country will be ruined. This is only the simple history of bank inflations, and the people of our country have been cursed to a greater degree by irresponsible paper of this sort than any other civilized people on the face of the earth.

I am assured by a menber of the Ways and Means Commitee, [Mr. SPAULDING,] that the amount of money to be raised up to July, 1864, is $1,100,000,000, not $900,000,000 as the Secretary estimated—a fact that was made to appear in his speech of day before yesterday. Where is this large sum to come from? The Secretary of the Treasury says that we must go into the market and borrow it. It cannot be done; some of it may, and should be borrowed, but the idea of borrowing the whole is altogether out of the questiou.

Why, sir, Congress authorized the Secretary of the Treasury, last February, to borrow the sum of $500,000,000 on bonds of the United States Government, to run from five to twenty years, or as much of it, as he might need; to place those bonds, in other words, in the market, and sell them at the market price. Has he done it? Nay, he has sold only to the amount of some $25,000,000. The result is we have not the money to pay our soldiers by about $45,000,000, this being the amount that was due them up to January 1, according to the statement of the Paymaster General. Had the Secretary carried out the law of Congress, as we all understand it, not a soldier would have been without his money a day longer than the paymaster could reach him, as we will show. It will be remembered that a resolution passed this House about the middle of last month, reading as follows:

"Whereas grievous delays happen in the payment of money due soldiers: Therefore, in order to ascertain if any, and what, legislation may be necessary to remedy such delays,

"*Resolved*, That the Secretary of the Treasury be requested to furnish to this House the reasons why requisitions of paymasters in the Army are not promptly filled."

The Secretary made answer as follows:

"No one can feel a deeper regret than the Secretary that a single American soldier lacks a single dollar of his pay, and no effort of his has been wanting to prevent such a condition. It is not in his power, however, to arrest the accumulation of demands upon the Treasury beyond the possibility of provision for them under existing legislation."

Of eourse, we do not call in question the motives of the Secretary, or deny his good intentions; he has given the answer of his best judgment; but we say to this House, and to the country, that in respect to his power he is obviously mistaken; and the evidence of this fact appears in the following act of Congress, passed February, 1862, (Statutes, page 348:)

"SEC. 2. *And be it futher enacted*, That to enable the Secretary of the Treasury to fund the Treasury notes and floating debt of the United States, he is hereby authorized to issue, on the credit of the United States, coupon bonds, or registered bonds, to an amount not

exceeding $500,000,000, redeemable at the pleasure of the United States after five years, and payable twenty years from date, and bearing interest at the rate of six per cent. per annum, payable semi-annually. And the bonds herein authorized shall be of such denomination, not less than fifty dollars, as may be determined upon by the Secretary of the Treasury. And the Secretary of the Treasury may dispose of such bonds at any time, at the market value thereof, for the coin of the United States, or for any Treasury notes that have been, or may hereafter be issued under any former act of Congress, or for United States notes, that may be issued under the provisions of this act: and all stocks, bonds, and other securities of the United States held by individuals, corporations, or associations, within the United States, shall be exempt from taxation, by or under State authority."

There can be no difference of opinion I think, about the meaning of this act; it gives full and complete authority to the Secretary to sell the bonds, not at par value, not at any specified time or sum, but "*at any time, at the market value thereof.*" There has not been a business day or week since that time, when any of the many of the agents of the Secretary in New York could not have placed one million, or several millions, in the market, and sold them at or somewhere near par.

That I am correct in my interpretation of this law is further shown by the action of this House on the 8th day of the present month. It passed the following resolution by a vote of 122 to 3, it being nearly unanimous:

"*Resolved*, That the Secretary of the Treasury inform the House why the Treasury Department has not, as authorized by law, provided the means necessary to pay the soldiers of the Army; and also inform the House why the bonds, if necessary, have not been sold to meet the payments due the said soldiers."

The law authorizing the issue of bonds does not say, as the Secretary indicates in his answer to this House, at the daily quotations of sales in New York, but at the market price, which everybody knows is the price they will bring when placed upon the market; but no far-fetched construction of this sort should prevent their sale. If there had not been a line of law on the subject, in view of the wants and sufferings of the soldiers and their families, and the dangers of delay in payment, every loyal man of the country would have said "Borrow the money at any price, and pay to the last cent what you owe to the men who are fighting your battles."

Indeed, I have the highest authority for saying that in the month of May last, a number of capitalists offered to take to the amount of $2,000,000 of these bonds at par, provided they could have the option of taking $20,000,000 more, from one to four months following. The offer was refused; and the Treasury is to-day empty, simply and solely because the Secretary of the Treasury has not carried out the law as understood here, and sold the bonds, as required, at the market price. The amount authorized and unsold is about four hundred and seventy-five million dollars, and for the reason that they are unsold some of our soldiers and their families have suffered to an extent that can never be estimated. Congress and the President are held responsible by the country generally for their non-payment. They are everywhere denounced in the severest terms. Sir, there never was a greater mistake. Before Congress separated last July, they did everything required, everything they could do to secure the prompt payment of every soldier in the field, but by the refusal of the Secretary of the Treasury to sell our bonds at the market price, thousands of them have not received a dollar for from five to ten months, and the families of many of them are bordering on starvation, while others are supported by charity from day to day.

Will it be said in justification that if we were to sell the bonds we might lose a small per cent. on them? What! and has it come to this, that we must stop and higgle over a question of discount, while the brave men who stand between us and national destruction are suffering, bleeding, and dying upon the battle-field, and their wives and children crying for bread? Remember, sir, that this army of men who are thus neglected and thrust aside without pay, are the breath, the hope, the life, and the salvation of the Republic; take them away and Washington would not be in our possession twenty-four hours; take them away, and there would be no place here for President, Cabinet ministers, or Congress; let those whom we promise to pay thirteen dollars per month, but do not pay—let these men go home; and your whole Government is gone. If, under such circumstances, we pay them not lest we lose a little money by discount, history should and will write us down as the meanest people that ever existed upon the face of the earth. A Government that will not take care of the men who save it from destruction deserves to perish; but I rejoice to know that the people are right on this subject; so is the President, so is Congress.

The most earnest and sorrowful appeals have been coming from the soldiers to members of Congress for money to send to their needy families. Many of their letters would draw tears from men of the hardest hearts. Some say they have had no pay for five months, others ten; that they have not had a dollar in their pockets for weeks and months, and their families are in danger of starvation. Wives write that they and their children are sick, and they have no means to purchase bread, much less meat. As a sample of letters received, I quote from one written from a hospital in Maryland:

"Sir: I take the liberty of writing you a few lines concerning my family, who are in a state of starvation while I am fighting for my country. My wife has been sick in bed nine weeks, and now the children have the ague. Now, Mr. Gurley, do you think it right to keep a man without pay for five months while his family is situated as mine is? If you think so, I don't."

These poor men receive very small wages at the best; and is it any wonder, therefore, that thousands of them desert, and rush home to save their wives and children from want, and even starvation? It is estimated that fifty thousand of this class are now at home, they believing that the condition of their families requires their industry and support in the absence of the wages which we agreed to pay them; and yet we all know that our soldiers form the only shield and barrier between the Government and the army that lies in wait to destroy us; there is not a Government officer in this city who is not solely dependent upon them for protection, for his freedom and his life.

In seventeen days, up to December 30, the Paymaster General received $350,000 for the soldiers, although he had been promised $500,000 per day. To show how western troops are paid —the men who have recently been so heroically fighting a whole week—I quote from a late newspaper:

"Payment of Western Troops.—An officer in one of the 'fighting' western regiments writes as follows to his friend, in this city. We hope the proper authorities will 'make a note of it:'

"'Whenever you see the President, just hint to him the expediency of hurrying up the payment of the western troops. The army of the Ohio has not been paid since April; the army of Tennessee since June; and the army of Kentucky since July.'"

Sir, no more technicality of law, no doubtful construction, should prevent the sale of bonds to pay soldiers—they are entitled to the benefit of all doubts of construction, and no Congress would censure any public officer for raising money in any honest way to pay them, even if he went beyond the law, but would be applauded for it. Better part with the bonds at fifty cents on the dollar than that any of them should suffer. Those who have periled their life and their all that the nation may live, have a claim that no other men can have, and no Government agent must presume to thwart the real intent of a law upon the faithful execution of which depends the very existence of the army in the field.

It is not for the want of resources at the North; it is not for the want of money in the country; it is not for the want of will on the part of the President, Congress, or the people at large, that our soldiers are unpaid. No man is more anxious that they should receive every cent due them than the President himself. It is simply because a plain law of Congress has not been carried out, as the members who voted for it intended that it should be; but I trust that no time will now be lost in securing the means to meet the demands of the heroic defenders of the Republic.

In my judgment the Secretary has this day all the authority we can give him to raise money by the sale of bonds; he has had it for more than ten months; and I see no good reason, therefore, for the neglect of the brave men who, sleeping upon damp ground, and drenched with the rains and snows of winter, are fighting the battles of the country, and dying by hundreds and thousands, that we and the Government may live. That the Secretary of the Treasury has acted in good faith I am sure, for he is a man of good conscience; he has, however, put a different construction upon the law authorizing him to sell our bonds than this House has put upon it, but we must all admit that he has done so with a most conscientious regard to his public duty. Had his judgment coincided with ours, and conscience permitted, he would at once have put the bonds upon the market and sold them. There can be no doubt about this in the minds of those who know him best.*

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* A few days following the delivery of this speech a debate sprung up as to the authority of the Secretary to sell these bonds and pay the soldiers their dues, when Mr. Gurley demonstrated that he had full authority to do so, as follows:

As there has been some controversy on this floor as to whether the Secretary of the Treasury had authority to sell the six per cent. bonds and pay the soldiers under the act of February last, which declares that he may sell them "at any time at the market price," I propose to settle it, once for all, by an appeal to the law itself. The law of July for the issue of the sum of $150,000,000 legal tender, goes on to say:

"And the Secretary of the Treasury may exchange for such notes, on such terms as he shall think most beneficial to the public interest, any bonds of the United States bearing six per cent. interest, and redeemable after five and payable in twenty years, which have been or may be lawfully issued under the provisions of any existing act; may reissue the notes so received in exchange; may receive and cancel any notes heretofore lawfully issued under any act of Congress, and in lieu thereof issue an equal amount in notes such as are authorized by this act; and may purchase, at rates not exceeding that of the current market, and cost of purchase not exceeding one eighth of one per cent., any bonds or certificates of debt of the United States as he may deem advisable."

That gives him full and complete power to sell them at whatever price he might think would be for the public interest. This is the demonstration of the fact which I stated the other day; and the Secretary therefore made an error when he stated in answer to an inquiry of this House that further legislation was necessary to enable him to sell, so as to pay the soldiers. He has had that power from the beginning, if there is any meaning in language. The law of July puts that question forever at rest. The bonds might have been sold at any time, and the soldiers promptly paid.

There was a debate in the Senate on this subject January 21st, in which it was shown by Hon. Mr. Fessenden, chairman of the Finance Committee, and others, that the above was the true construction of the law. This at least was their judgment of it—that the Secretary had power to sell the bonds. See Congressional Globe, January 22d.

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